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C O N F I D E N T I A L COLOMBO 000572

TREASURY FOR DAS MCDONALD AND DAS GLAZER
STATE FOR SCA/INS, SCA/RA, EEB/TFS AND INL
NEW DELHI FOR LEGATT STEARMAN AND S/CT COORD MCCLELLAN

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TAGS: [EFIN](#) [PTER](#) [ETTC](#) [PREL](#) [MV](#)
SUBJECT: MALDIVES: FIU WANTS AND NEEDS USG ASSISTANCE IN
COUNTERING TERRORIST FINANCING

REF: COLOMBO 54

Classified By: CDA James Moore, Reasons 1.4 (b)(d)

¶1. (SBU) Summary: Despite the lack of a developed Financial Intelligence Unit (FIU), Maldives -- a moderate, pro-U.S. Islamic state -- is taking steps to combat financial crimes and enact legislation that will make it more difficult for money launderers or terrorist financing networks to abuse Maldives' financial system. Maldives desires, and would benefit from, future U.S. engagement and training on countering money-laundering and terrorism financing. Maldives is not currently a major money laundering or terrorism finance location, but it is vulnerable to exploitation. A small dollar amount of technical assistance will help ensure the country can protect itself from financial crimes. End summary.

Small But Competent Quasi-FIU Doing Well...

¶2. (C) In 2005, the Maldives Monetary Authority (MMA), which oversees the country's financial institutions, adopted FATF-style regulatory provisions for banks' reporting of large cash transactions and suspicious transactions by banks under a general "Safety and Soundness" provision within its Banking Law. A two-person financial intelligence "unit" within the MMA administers the regulations. In the absence of a developed FIU, this unit manages many of the same responsibilities as a traditional FIU and has demonstrated progress in identifying and combating financial crimes. It also readily shares information concerning suspicious transactions, despite the lack of a formal bilateral MLAT with the United States or membership in the Egmont Group.

¶4. (U) An AML/CFT (Anti-Money Laundering/Countering Financing of Terrorism) bill remains pending within the Maldivian Majlis (parliament); however, it is expected to pass before the end of 2008.

...with USG Assistance, But Wants and Needs More

¶5. (C) Between 2006 and spring 2008, Treasury's Office of Technical Assistance (OTA) Resident Advisor in Colombo worked closely with the MMA and other Maldives' agencies -- including the Attorney General's office, the Ministry of Finance, and the Police -- to provide advice and training on detecting and countering financial crimes. While these meetings and ad-hoc training were fruitful, following a change in the MMA Board of Director's in August 2007, Maldives requested additional training and assistance from OTA to help with the establishment of a formal FIU. Unfortunately, Treasury had reprogrammed funding to other projects. In early 2008, Treasury turned down several

requests for CFT (combating the financing of terrorism) training from MMA and the Police due to a lack of funding.

¶6. (SBU) With the departure of post's OTA resident advisor in early June 2008, Maldives will likely seek, and will definitely need, greater assistance in CFT. Specifically, needs include CFT analysis and investigative skills training. Following passage of AMF/CFT legislation, Maldives will also benefit from assistance to ensure rapid implementation of the legislation by the MMA. Post recommends that, as funding allows, Treasury and/or State provide robust assistance to Maldives to enhance its domestic ability to combat money laundering and combat terrorist financing.

Assistance Now May Keep Terrorist Financing Out

¶7. (C) COMMENT: While it appears that money launderers and terrorist financiers have not yet tried to exploit Maldives' immature financial system on a large scale, it is likely only a matter of time before they do. A small dollar amount of technical assistance, delivered one-on-one and through regional training, has the strong prospect of making Maldives financial authorities more capable of preventing such exploitation. Post notes that Maldives has an excellent track record of quickly and effectively applying the lessons learned from USG technical assistance; Maldives officials are exceptional, especially in this region, for their readiness to implement the measures we recommend. For these reasons, we urge Washington agencies to regards this message not simply as a routine post request for more training, but as an opportunity to have a formative impact on the AML/CFT capabilities of a moderate Muslim country that has friendly relations with the United States.

MOORE